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and Blue Shield of California Promise Health Plan f/k/a Care 1st Health Plan

**UNITED STATES BANKRUPTCY COURT**  
**NORTHERN DISTRICT OF TEXAS**  
**DALLAS DIVISION**

In re:

PROSPECT MEDICAL HOLDINGS, INC.,  
*et al.*,

Debtors.

Chapter 11

Case No. 25-80002 (SGJ)

Jointly Administered

**JOINT OBJECTION OF CALIFORNIA PHYSICIANS' SERVICE DBA BLUE SHIELD  
OF CALIFORNIA AND BLUE SHIELD OF CALIFORNIA PROMISE HEALTH PLAN  
F/K/A CARE 1ST HEALTH PLAN TO CURE AMOUNT STATED IN DEBTOR'S  
NOTICE OF (I) POTENTIAL ASSUMPTION AND ASSIGNMENT OF EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES AND (II) CURE AMOUNTS  
[DOCKET NO. 1571]**

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TO THE HONORABLE STACEY G.C. JERNIGAN, CHIEF UNITED STATES  
BANKRUPTCY JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, DEBTORS,  
AND ALL PARTIES IN INTEREST:

PLEASE TAKE NOTICE that California Physicians' Service dba Blue Shield of California ("Blue Shield of California") and Blue Shield of California Promise Health Plan f/k/a Care 1st Health Plan ("Blue Shield Promise" and/or "Care 1st Health Plan") (Blue Shield of California and Blue Shield Promise are referred to herein together as "Blue Shield"), by and through undersigned counsel, hereby submit their joint objection to the "Cure Amount" stated in the *Notice of (I) Potential Assumption and Assignment of Executory Contracts and Unexpired Leases and (II) Cure Amounts* [Docket No. 1571] (the "Cure Notice") submitted by the above-captioned debtors-in-possession ("Debtors").

Specifically, in the Cure Notice, Debtors state that they are a party to the following "Local California Agreements" with Blue Shield with the following amounts due:<sup>1</sup>

Item #	Debtor	Counterparty	Description of Contract	Cure Amount (current AP)
485	ALTA HOSPITALS SYSTEM, LLC	BLUE SHIELD OF CALIFORNIA	MANAGED CARE MEMORANDUM OF UNDERSTANDING (MOU) DATED: 05/01/2020	^
486	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 03/01/2024	^
487	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
488	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
489	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
490	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
491	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 10/01/2021	^
492	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 10/01/2021	^
493	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 03/01/2024	^
494	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 03/01/2024	^
495	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 03/01/2024	^
496	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 03/01/2024	^

<sup>1</sup> Docket No. 1571-1, pgs. 14-15, 19.

Item #	Debtor	Counterparty	Description of Contract	Cure Amount (current AP)
497	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 06/01/2021	^
498	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 11/01/2024	^
499	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
500	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
501	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
502	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
503	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
504	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	AGREEMENT DATED: 03/01/2016	^
505	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
506	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 01/23/2024	^
507	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
508	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
509	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
510	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
511	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
512	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2020	^
513	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 01/01/2022	^
514	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD OF CALIFORNIA	MANAGED CARE HEALTH PLAN DATED: 01/01/2022	^
515	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD OF CALIFORNIA	PATIENT SPECIFIC DATED: 07/01/2015	^
516	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 01/01/2024	^
517	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	LEGAL BAA DATED: 07/01/2021	^
518	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 01/01/2022	^
519	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 07/01/2021	^
520	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 06/01/2022	^
521	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 06/01/2022	^
522	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
523	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
524	ALTA HOSPITALS SYSTEM, LLC	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2023	^
525	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2025	^
526	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	BLUE SHIELD PROMISE	MANAGED CARE PLAN TO HOSPITAL DATED: 03/01/2025	^
527	ALTA LOS ANGELES HOSPITALS, INC.	BLUE SHIELD-CARE 1ST	MANAGED CARE PLAN TO HOSPITAL DATED: 07/01/2017	^
648	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	FFS DATED: 05/01/2015	\$0
649	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	FFS DATED: 05/01/2015	^
650	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	FFS DATED: 05/01/2015	^
651	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	FFS DATED: 05/01/2015	^

Item #	Debtor	Counterparty	Description of Contract	Cure Amount (current AP)
652	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	CARE 1ST HEALTH PLAN	FFS DATED: 05/01/2015	^
653	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 02/01/2018	^
654	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 02/01/2018	^
655	ALTA LOS ANGELES HOSPITALS, INC.	CARE 1ST HEALTH PLAN	MANAGED CARE PLAN TO HOSPITAL DATED: 07/01/2016	^
656	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	CARE 1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 02/01/2018	^
657	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	CARE 1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 02/01/2018	^
658	ALTA LOS ANGELES HOSPITALS, INC.	CARE1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 07/01/2017	\$0
659	SOUTHERN CALIFORNIA HEALTHCARE SYSTEM, INC.	CARE1ST HEALTH PLAN	PLAN TO HOSPITAL DATED: 07/01/2017	^

Additionally, in the Cure Notice, Debtors state that they are a party to the following “Local Connecticut Agreements” with Blue Shield with the following amounts due:<sup>2</sup>

Item #	Debtor	Counterparty	Description of Contract	Cure Amount (current AP)
463	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 01/01/2024	\$0
464	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	LEGAL BAA DATED: 07/01/2021	^
465	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 01/01/2022	^
466	PROSPECT MEDICAL HOLDINGS, INC.	BLUE SHIELD OF CALIFORNIA	HUMAN RESOURCES EMPLOYEE BENEFITS DATED: 07/01/2021	^

Blue Shield is a licensed prepaid health care service plan and, as such, contracts with individuals, associations employer groups and governmental entities to provide or arrange for the provision of covered health services to its members enrolled in its health benefit plans. Despite the number of agreements listed in the Cure Notice, Blue Shield principally has two forms of contractual relationships with the Debtors. First, Blue Shield of California provides health benefit services to its members and covered dependents employed by the Debtors pursuant to

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<sup>2</sup> Docket No. 1571-3, pg. 16.

that certain Shared Advantage Agreement dated July 1, 2021, and all amendments or addenda thereto (the “Group Benefits Contract”). Second, Blue Shield of California and Blue Shield Promise are counterparties to one or more healthcare group and provider contracts with the Debtors, pursuant to which the Debtors provide medical care to Blue Shield individuals enrolled under health insurance plans offered or administered by Blue Shield, and Blue Shield pays for the covered services provided by the Debtors to such individuals (the “Provider Agreements”).

Blue Shield, upon examining its books and records, objects to the proposed Cure Amounts as being inaccurate. The actual amounts owed, and which must be cured by the Debtors as a condition of assumption, are as follows:

<b>Counterparty</b>	<b>Contract</b>	<b>Proposed Cure Amount</b>	<b>Actual Cure Amount</b>
Blue Shield of California	Group Benefits Contract	\$0	\$649,506.81
Blue Shield of California	Provider Agreement – Southern California Healthcare System, Inc.	\$0	\$2,090.92
Blue Shield of California	Provider Agreement – Alta Los Angeles Hospitals, Inc.	\$0	\$27,861.78
Blue Shield Promise	Provider Agreement - Southern California Healthcare System, Inc.	\$0	\$10,763.32
Blue Shield Promise	Provider Agreement – Alta Los Angeles Hospitals, Inc.	\$0	\$317,728.81

This Objection is made pursuant to 11 U.S.C. Sections 365(b)(1)(A) and (B), and is based on the pleadings, evidence and other papers and records on file with the Bankruptcy Court in these Chapter 11 cases, the Declarations of Maryann Lagura and Noemi Pongsai submitted concurrently herewith, and on such other and further matters as the Court will allow.

Moreover, Blue Shield and the Debtors are subject to an ongoing trade relationship whereby the amounts owed by the Debtors, particularly under the Provider Agreements, are subject to change. The amounts referenced above reflect outstanding amounts owed as of the date hereof. Blue Shield respectfully reserves its right to amend this objection as additional amounts change hands and the amounts owing change.

Date: April 30, 2025

Respectfully submitted,

SNELL AND WILMER, L.L.P.

/s/ J. Seth Moore

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**CERTIFICATE OF SERVICE**

I hereby certify that on April 30, 2025, a true and correct copy of the foregoing document has been served via the Court's CM/ECF notification system on all parties who have filed a notice of appearance, and to the parties listed below:

William Curtin ([wcurtin@sidley.com](mailto:wcurtin@sidley.com))  
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*/s/ J. Seth Moore*

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J. Seth Moore